

110TH CONGRESS
1ST SESSION

S. 1681

To provide for a paid family and medical leave insurance program, and
for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 21, 2007

Mr. DODD (for himself and Mr. STEVENS) introduced the following bill; which
was read twice and referred to the Committee on Finance

A BILL

To provide for a paid family and medical leave insurance
program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Family Leave Insur-
5 ance Act of 2007”.

6 **SEC. 2. CONGRESSIONAL FINDINGS.**

7 Congress finds the following:

8 (1) Since its passage, the Family and Medical
9 Leave Act of 1993 (referred to in this section as the
10 “FMLA”) has assisted millions of employees in bal-

1 ancing the demands of their jobs with their family
2 responsibilities. However, many eligible employees
3 are not able to utilize the benefits of the FMLA be-
4 cause FMLA leave is unpaid. According to a 2000
5 survey on the FMLA by the Department of Labor,
6 among those employees who need FMLA leave and
7 don't take it, 78 percent don't take it because they
8 can't afford it.

9 (2) An analysis of national data from the 2000
10 FMLA survey by the Center for Women and Work
11 at Rutgers University suggests that employees suffer
12 severe financial hardship in order to be responsible
13 family members and provide minor children and
14 aging parents with the care they need. For example,
15 among employees who needed to care for a seriously
16 ill child—

17 (A) 42 percent took time off even though
18 they received no pay while doing so;

19 (B) 46 percent received full or partial pay
20 during at least part of the time off (including
21 receiving pay for reasons such as use of vaca-
22 tion time); and

23 (C) 12 percent could not take time off to
24 care for the child due to lack of pay.

1 (3) Americans who provide direct care for their
2 family members prevent the worsening of illnesses
3 and promote strong recovery. For example, the
4 length of a child's stay in the hospital decreases by
5 31 percent when parents are able to be present.

6 (4) Forty-three percent of private sector em-
7 ployees do not have access to paid sick leave, as re-
8 ported in the Bureau of Labor Statistics National
9 Compensation Survey in March 2006. Of those em-
10 ployees who do have paid sick leave, many are not
11 able to use their own sick leave to receive payment
12 while caring for family members who are ill.

13 (5) Family and medical leave benefits strength-
14 en and support the business sector through health
15 care savings and increased employee retention and
16 productivity.

17 (6) Demographic changes over the past few dec-
18 ades have altered the face and needs of the work-
19 force. It is now common for both parents to be in
20 the workforce and for men and women to also serve
21 as the primary caregivers for elderly spouses or par-
22 ents.

23 (7) According to the Bureau of the Census and
24 the Bureau of Labor Statistics, 56 percent of women
25 with children under age 1 are in the labor force,

1 while 71 percent of all women with dependent chil-
 2 dren under age 18 are in the labor force.

3 (8) Nearly $\frac{2}{3}$ of Americans under the age of 60
 4 expect to be responsible for the care of an elderly
 5 relative in the next 10 years.

6 **SEC. 3. GENERAL DEFINITIONS.**

7 (a) IN GENERAL.—The definitions provided by sec-
 8 tion 101 of the Family and Medical Leave Act of 1993
 9 (29 U.S.C. 2611), other than the definitions of the terms
 10 “eligible employee” and “employer”, shall apply for pur-
 11 poses of this Act.

12 (b) ADDITIONAL DEFINITIONS.—In this Act, the fol-
 13 lowing additional definitions shall apply:

14 (1) BOARD OF TRUSTEES.—The term “Board
 15 of Trustees” means the Board of Trustees of the In-
 16 surance Fund.

17 (2) INSURANCE FUND.—The term “Insurance
 18 Fund” means the Family and Medical Leave Insur-
 19 ance Fund established under section 301.

20 (3) MANAGING TRUSTEE.—The term “Man-
 21 aging Trustee” means the Managing Trustee of the
 22 Board of Trustees of the Insurance Fund.

1 **TITLE I—FAMILY AND MEDICAL**
2 **LEAVE INSURANCE PROGRAM**

3 **SEC. 101. PROGRAM DEFINITIONS.**

4 In this title:

5 (1) **ELIGIBLE EMPLOYEE.**—The term “eligible
6 employee” means any of the following:

7 (A) An employee who—

8 (i) is an eligible employee, as defined
9 in section 101(2) of the Family and Med-
10 ical Leave Act of 1993 (29 U.S.C.
11 2611(2)) but is not an employee of the
12 Federal Government; and

13 (ii) earned wages with a covered em-
14 ployer for 12 of the last 18 months, prior
15 to filing an application for leave benefits
16 under this title.

17 (B) An employee—

18 (i) of a small employer that has elect-
19 ed to participate in the Program under
20 this title in accordance with such regula-
21 tions as the Secretary shall prescribe;

22 (ii) who meets the requirements of
23 subparagraphs (A) and (C) of section
24 101(2) of such Act (29 U.S.C. 2611(2)),

but is not an employee of the Federal Government; and

(iii) earned wages with a covered employer for 12 of the last 18 months, prior to filing an application for leave benefits under this title.

(C) A self-employed individual who has—

(i) elected to participate in the Program under this title in accordance with such regulations as the Secretary shall prescribe;

(ii) self-employment income while a covered employer for 12 of the last 18 months, prior to filing an application for leave benefits under this title; and

(iii) paid premiums under section 1401(c) of the Internal Revenue Code of 1986 with respect to such self-employment income.

(2) EMPLOYER-RELATED DEFINITIONS.—

(A) COVERED EMPLOYER.—The term “covered employer” means a person—

(i) that is—

(I) an employer;

1 (II) a small employer that has
2 elected to participate in the Program
3 under this title in accordance with
4 such regulations as the Secretary shall
5 prescribe; or

6 (III) a self-employed individual
7 who has elected to so participate; and
8 (ii) that is not a voluntary plan em-
9 ployer.

10 (B) EMPLOYER.—The term “employer”
11 means a person that—

12 (i) is an employer, as defined in sec-
13 tion 101(4) of the Family and Medical
14 Leave Act of 1993 (29 U.S.C. 2611(4));
15 but

16 (ii) is not an entity of the Federal
17 Government.

18 (C) SMALL EMPLOYER.—The term “small
19 employer”—

20 (i) means any person engaged in com-
21 merce or in any industry or activity affect-
22 ing commerce who employs not less than 2
23 and not more than 49 employees for each
24 working day during each of 20 or more

1 calendar workweeks in the current or pre-
2 ceding calendar year; and

3 (ii) includes—

4 (I) any person who acts, directly
5 or indirectly, in the interest of an em-
6 ployer described in clause (i) to any of
7 the employees of such employer;

8 (II) any successor in interest of
9 an employer described in clause (i);
10 and

11 (III) any public agency, as de-
12 fined in section 3(x) of the Fair Labor
13 Standards Act of 1938 (29 U.S.C.
14 203(x)) that is an employer described
15 in clause (i) but is not an entity of the
16 Federal Government.

17 (D) VOLUNTARY PLAN EMPLOYER.—The
18 term “voluntary plan employer” means an em-
19 ployer for which the Secretary has approved a
20 voluntary plan under section 104 for the period
21 involved.

22 (3) LEAVE BENEFIT.—The term “leave benefit”
23 means a family and medical leave insurance benefit
24 described in section 103.

1 (4) PROGRAM.—The term “Program” means
 2 the Family and Medical Leave Insurance Program
 3 established under section 102.

4 (5) VOLUNTARY PAID BENEFIT.—The term
 5 “voluntary paid benefit” means a family and medical
 6 leave insurance benefit provided under a voluntary
 7 plan approved under section 104 for the period in-
 8 volved.

9 **SEC. 102. ESTABLISHMENT OF PROGRAM.**

10 (a) FEDERAL PROGRAM.—The Secretary of Labor
 11 shall establish a Family and Medical Leave Insurance Pro-
 12 gram. In carrying out the Program, the Secretary shall
 13 ensure that covered employers provide family and medical
 14 leave insurance benefits described in section 103 to eligible
 15 employees. At the direction of the Secretary, the Managing
 16 Trustee shall pay funds from the Insurance Fund to reim-
 17 burse the covered employers for the leave benefits.

18 (b) EMPLOYER PARTICIPATION.—Each covered em-
 19 ployer shall participate in the Program.

20 **SEC. 103. PROGRAM BENEFITS.**

21 (a) ENTITLEMENT.—Subject to subsections (b), (d),
 22 and (e), an eligible employee of a covered employer shall
 23 be entitled to a family and medical leave insurance benefit
 24 for a total of 8 workweeks of leave taken under the Family
 25 and Medical Leave Act of 1993 or other authority during

1 any 12-month period for 1 or more of the following rea-
2 sons:

3 (1) Because of the birth of a son or daughter
4 of the employee and in order to care for such son
5 or daughter.

6 (2) Because of the placement of a son or
7 daughter with the employee for adoption or foster
8 care.

9 (3) In order to care for the spouse, or a son,
10 daughter, or parent, of the employee, if such spouse,
11 son, daughter, or parent has a serious health condi-
12 tion.

13 (4) Because of a serious health condition that
14 makes the employee unable to perform the functions
15 of the position of such employee.

16 (b) WAITING PERIOD.—During each 12-month pe-
17 riod described in subsection (a), each eligible employee
18 shall be subject to a waiting period of 5 consecutive work-
19 days of leave described in subsection (a) (but not more
20 than 7 calendar days), during which a leave benefit shall
21 not be paid to the employee. The waiting period shall not
22 reduce the 8 workweeks of leave benefits available under
23 subsection (a).

24 (c) BENEFIT AMOUNT.—

1 (1) IN GENERAL.—Subject to paragraph (2), an
2 eligible employee’s leave benefit for any workday on
3 which the employee takes leave as described in sub-
4 section (a) shall be calculated as—

5 (A) in the case of an employee with an an-
6 nual income of not more than \$20,000, an
7 amount equal to 100 percent of that employee’s
8 daily earnings;

9 (B) in the case of an employee with an an-
10 nual income of more than \$20,000 and not
11 more than \$30,000, an amount equal to the
12 greater of—

13 (i) 75 percent of that employee’s daily
14 earnings; or

15 (ii) 100 percent of the daily earnings
16 of an employee with an annual income of
17 \$20,000;

18 (C) in the case of an employee with an an-
19 nual income of more than \$30,000 and not
20 more than \$60,000, an amount equal to the
21 greater of—

22 (i) 55 percent of that employee’s daily
23 earnings; or

1 (ii) 75 percent of the daily earnings of
2 an employee with an annual income of
3 \$30,000;

4 (D) in the case of an employee with an an-
5 nual income of more than \$60,000 and not
6 more than \$97,000, an amount equal to the
7 greater of—

8 (i) 40 percent of that employee's daily
9 earnings; or

10 (ii) 55 percent of the daily earnings of
11 an employee with an annual income of
12 \$60,000; and

13 (E) in the case of an employee with an an-
14 nual income of more than \$97,000, an amount
15 equal to 40 percent of the daily earnings of an
16 employee with an annual income of \$97,000.

17 (2) INDEXING OF ANNUAL INCOME CAT-
18 EGORIES.—

19 (A) IN GENERAL.—The Secretary shall
20 index the annual income amounts specified in
21 paragraph (1) for each calendar year, using the
22 national average wage index, as determined
23 under section 209(k) of the Social Security Act
24 (42 U.S.C. 409(k)).

1 (B) PUBLICATION.—Not later than the
2 November 1 preceding each calendar year, the
3 Secretary shall publish in the Federal Register
4 the indexed amount determined under subpara-
5 graph (A) for that calendar year.

6 (d) APPLICATION.—

7 (1) IN GENERAL.—To be qualified to receive a
8 leave benefit under the Program, an eligible em-
9 ployee shall submit an application to the covered em-
10 ployer of the employee at such time, in such manner,
11 and containing the information specified in para-
12 graph (2), as appropriate, and such additional infor-
13 mation as the Secretary may by regulation require.

14 (2) CERTIFICATION REQUIREMENTS.—

15 (A) IN GENERAL.—The covered employer
16 shall require that an application submitted
17 under paragraph (1) for a leave benefit related
18 to leave taken for a basis described in para-
19 graph (3) or (4) of subsection (a) contain a cer-
20 tification, submitted in a timely manner, issued
21 by the health care provider of the eligible em-
22 ployee or of the son, daughter, spouse, or par-
23 ent, as appropriate, and meeting the require-
24 ments of subsection (b) of section 103 of the

1 Family and Medical Leave Act of 1993 (29
2 U.S.C. 2613) in connection with such leave.

3 (B) RECERTIFICATION.—In any case in
4 which the covered employer has reason to doubt
5 the validity of the certification provided under
6 subparagraph (A), the covered employer may
7 require, at the expense of the covered employer,
8 that the eligible employee obtain the opinion of
9 a second health care provider designated or ap-
10 proved by the covered employer (subject to sub-
11 section (c) of such section 103) concerning the
12 information certified under subparagraph (A).
13 The employee shall submit the opinion as an
14 amendment to the application.

15 (C) RESOLUTION.—In any case in which
16 the second opinion described in subparagraph
17 (B) differs from the opinion in the original cer-
18 tification provided under subparagraph (A), the
19 covered employer may require, at the expense of
20 the covered employer, that the employee obtain
21 the opinion of a third health care provider des-
22 ignated or approved jointly by the covered em-
23 ployer and the employee concerning the infor-
24 mation certified under subparagraph (A). The
25 opinion of the third health care provider con-

1 cerning such information shall be considered to
2 be final and shall be binding on the covered em-
3 ployer and the employee. The employee shall
4 submit the opinion as an amendment to the ap-
5 plication.

6 (e) PAYMENT OF BENEFITS TO ELIGIBLE EMPLOY-
7 EES.—

8 (1) DETERMINATION.—The covered employer
9 shall review the application of the eligible employee
10 and determine whether to certify a leave benefit pay-
11 ment for the employee.

12 (2) PROVISION OF PAYMENT.—If the covered
13 employer determines that the employer will certify
14 the payment, the employer shall provide the payment
15 to the eligible employee. Subject to subsection (d)(2)
16 and paragraph (4), the covered employer shall pro-
17 vide the payment to the employee so as to maintain,
18 as closely as possible, the regular payment schedule
19 used for the employee.

20 (3) REVIEW.—Any eligible employee dissatisfied
21 with any initial determination under paragraph (1)
22 shall be entitled to—

23 (A) reconsideration of the determination by
24 the covered employer;

1 (B) an appeal to the Secretary of the em-
2 ployer's final determination after such reconsid-
3 eration; and

4 (C) judicial review of the Secretary's final
5 decision after that appeal.

6 (4) WITHHOLDING OF CERTIFICATION AND
7 PAYMENT.—In any case in which reconsideration, an
8 appeal, or a review, relating to a covered employer's
9 determination about certification of a leave benefit
10 payment, is or may be sought under paragraph (3),
11 the covered employer may withhold certification of
12 the payment, and provision of the payment, pending
13 such reconsideration, appeal, or review.

14 (5) OTHER COMPENSATION.—Except as other-
15 wise provided in this title, no employee shall be eligi-
16 ble to receive a leave benefit under the Program for
17 any period during which—

18 (A) the employee is receiving worker's
19 compensation, or unemployment compensation,
20 in connection with the event for which the em-
21 ployee is taking the leave; or

22 (B) the employee is receiving a voluntary
23 paid benefit from an employer under a vol-
24 untary plan approved under section 104 for the
25 period.

1 (f) REIMBURSEMENT TO COVERED EMPLOYERS FOR
2 BENEFITS.—

3 (1) CERTIFICATION TO SECRETARY.—Subject to
4 subsection (e)(4), on the final decision of the covered
5 employer or on the final judgment of a court pursu-
6 ant to subsection (e)(3) that any eligible employee is
7 entitled to any payment under this section, and not
8 later than 1 year after making the payment to the
9 employee, the covered employer shall submit to the
10 Secretary an application in which the employer—

11 (A) certifies the name of the employee, the
12 date on which the payment was made, the
13 amount of the payment, and the address of the
14 employer; and

15 (B) requests reimbursement of the pay-
16 ment.

17 (2) REVIEW AND REIMBURSEMENT.—

18 (A) REVIEW PERIOD.—The Secretary shall
19 review the application. Not later than 30 days
20 after receiving the application, the Secretary
21 shall approve or deny the application.

22 (B) REIMBURSEMENT.—If the Secretary
23 approves the application—

24 (i) the Secretary shall certify to the
25 Managing Trustee the name and address

1 of the covered employer, and the amount
2 of the payment; and

3 (ii) the Managing Trustee shall imme-
4 diately reimburse the covered employer by
5 paying the amount certified by the Sec-
6 retary from the Insurance Fund to the cov-
7 ered employer, subject to paragraph (4).

8 (3) PAYMENT FROM INSURANCE FUND.—In
9 making reimbursements for leave benefit payments
10 under this section, the Managing Trustee may only
11 use amounts paid from the Insurance Fund.

12 (4) LIMITATION ON PAYMENTS.—

13 (A) IN GENERAL.—The Managing Trustee
14 shall not pay an amount from the Insurance
15 Fund that is greater than the amount remain-
16 ing in the Insurance Fund.

17 (B) NOTICE OF INSUFFICIENT FUNDS.—
18 The Managing Trustee shall publish in the Fed-
19 eral Register a notice of insufficient funds when
20 the Managing Trustee determines that insuffi-
21 cient funds remain in the Insurance Fund to
22 reimburse covered employers for leave benefit
23 payments. When such a notice is in effect, the
24 employers shall not be required to pay leave
25 benefits under this section.

1 (C) REVOCATION OF NOTICE.—If a notice
 2 of insufficient funds is in effect, and the Man-
 3 aging Trustee determines that sufficient funds
 4 have been deposited to the Insurance Fund to
 5 make such reimbursements, the Managing
 6 Trustee shall revoke the notice, by publication
 7 in the Federal Register. On revocation of the
 8 notice, covered employers shall be required to
 9 pay leave benefits under this section (including
 10 leave benefits requested by eligible employees
 11 for periods when the notice was in effect).

12 (5) FINDING REGARDING CONGRESSIONAL AU-
 13 THORITY.—Congress finds that Congress has the au-
 14 thority to appropriate funds to the Insurance Fund,
 15 including appropriating such funds in periods of na-
 16 tional crisis such as a period following a national
 17 disaster.

18 **SEC. 104. VOLUNTARY EMPLOYER PLAN.**

19 (a) IN GENERAL.—Any employer may submit an ap-
 20 plication to the Secretary for approval of a voluntary plan.
 21 The Secretary may require the employer to resubmit the
 22 plan for approval on an annual basis. During a period for
 23 which the Secretary has approved a plan, the applicant
 24 shall provide a voluntary paid benefit under the plan rath-
 25 er than participating in the Program.

1 (b) APPROVAL.—The Secretary shall approve the vol-
2 untary plan of the applicant if the Secretary finds each
3 of the following with respect to the applicant:

4 (1) The rights afforded to the employees cov-
5 ered under the plan are equal to or greater than the
6 rights afforded through the Program.

7 (2) The plan has been made available to all of
8 the employees of the applicant employed in the
9 United States or to all employees at any 1 distinct,
10 separate establishment maintained by the applicant
11 in the United States.

12 (3) The plan provides for insurance to be issued
13 by an admitted disability insurer approved by the
14 Secretary or equivalent insurance (which may be
15 self-insurance).

16 (4) The applicant has consented to the plan and
17 has agreed to make the premium contributions re-
18 quired, if any, and transmit the proceeds to the dis-
19 ability insurer, if any.

20 (5) The plan provides for the inclusion of future
21 employees.

22 (6)(A) The plan will be in effect for a period of
23 not less than 1 year and, thereafter, continuously
24 unless the Secretary finds that the applicant has
25 given notice of intent to terminate the plan, as de-

1 scribed in subparagraph (B), and that the fee de-
2 scribed in subparagraph (C) has been paid.

3 (B) The notice shall be filed in writing with the
4 Secretary and shall be effective—

5 (i) on the anniversary of the effective date
6 of the plan next following the date of the filing
7 of the notice; or

8 (ii) if such anniversary would occur less
9 than 30 days after the date of the filing of the
10 notice, on the next anniversary of that effective
11 date.

12 (C) The applicant shall pay a fee to the Sec-
13 retary in such amount as the Secretary determines
14 to be adequate to provide leave benefits under this
15 title to all eligible employees of the applicant for a
16 period of at least 4 months, plus an amount to pay
17 administrative costs related to processing and paying
18 such benefits.

19 (D) Amounts received by the Secretary under
20 this paragraph shall be deposited in the Insurance
21 Fund.

22 (7) The amount of deductions from the wages
23 of an employee that is in effect for the plan shall not
24 be increased on any date other than on the date of
25 an anniversary of the effective date of the plan.

1 (c) ORDERS AND WITHDRAWAL OF APPROVAL.—If
2 the Secretary finds that a voluntary plan employer is not
3 paying voluntary paid benefits required under the vol-
4 untary plan to the employees under the plan, the Secretary
5 may order the employer to make the payments. If the Sec-
6 retary finds that a voluntary plan employer is not com-
7 plying with the provisions of the plan, including by not
8 paying voluntary paid benefits required under the plan,
9 the Secretary may revoke the Secretary’s approval for the
10 plan, and require the employer to participate in the Pro-
11 gram.

12 **SEC. 105. ADDITIONAL BENEFITS.**

13 (a) ADDITIONAL EMPLOYER BENEFITS.—

14 (1) COVERED EMPLOYERS.—Nothing in this
15 title shall be construed to discourage a covered em-
16 ployer from providing an additional benefit in con-
17 junction with leave described in section 103(a) to an
18 eligible employee, in addition to the leave benefit
19 provided to that employee. The additional employer
20 benefit shall not reduce the amount of the leave ben-
21 efit that an eligible employee receives under this
22 title.

23 (2) VOLUNTARY PLAN EMPLOYERS.—Nothing
24 in this title shall be construed to discourage a vol-
25 untary plan employer from providing an additional

1 benefit in conjunction with leave described in section
2 103(a) to an employee, in addition to the voluntary
3 paid benefit provided to that employee. The addi-
4 tional employer benefit shall not reduce the amount
5 of the voluntary paid benefit that an employee re-
6 ceives under a voluntary plan described in section
7 104.

8 (b) COLLECTIVE BARGAINING.—

9 (1) MORE PROTECTIVE.—Nothing in this title
10 shall be construed to diminish the obligation of a
11 covered employer or voluntary plan employer to com-
12 ply with any collective bargaining agreement or any
13 employment benefit program or plan that provides
14 greater paid leave rights to employees than the
15 rights established under this title (including rights
16 established under a plan described in section 104).

17 (2) LESS PROTECTIVE.—The rights established
18 for employees under this title (including rights es-
19 tablished under a plan described in section 104)
20 shall not be diminished by any collective bargaining
21 agreement or any employment benefit program or
22 plan.

23 (c) SENSE OF THE SENATE.—It is the sense of the
24 Senate that Federal law should be enacted to permit a
25 State to continue to implement an existing (as of the date

1 of enactment of this Act) paid family and medical leave
2 or temporary disability insurance program that is deter-
3 mined by the Secretary to provide to employees equal or
4 greater rights than the rights established under the Pro-
5 gram.

6 **SEC. 106. PROHIBITED ACTS BY EMPLOYER.**

7 (a) INTERFERENCE WITH RIGHTS.—It shall be un-
8 lawful for any covered employer to interfere with, restrain,
9 or deny the exercise of or the attempt to exercise, any
10 right provided under this title.

11 (b) DISCRIMINATION.—It shall be unlawful for any
12 covered employer to discharge or in any other manner dis-
13 criminate against any individual for opposing any practice
14 made unlawful by this title.

15 (c) INTERFERENCE WITH PROCEEDINGS OR INQUIR-
16 IES.—It shall be unlawful for any person to discharge or
17 in any other manner discriminate against any individual
18 because such individual—

19 (1) has filed any charge, or has instituted or
20 caused to be instituted any proceeding, under or re-
21 lated to this title;

22 (2) has given, or is about to give, any informa-
23 tion in connection with any inquiry or proceeding re-
24 lating to any right provided under this title; or

1 (3) has testified, or is about to testify, in any
2 inquiry or proceeding relating to any right provided
3 under this title.

4 **SEC. 107. ENFORCEMENT.**

5 (a) CIVIL ACTION BY EMPLOYEES.—

6 (1) LIABILITY.—Any covered employer who vio-
7 lates section 106 shall be liable to any eligible em-
8 ployee affected—

9 (A) for damages equal to—

10 (i) the amount of—

11 (I) any wages, salary, employ-
12 ment benefits, or other compensation
13 denied or lost to such employee by
14 reason of the violation; or

15 (II) in a case in which wages,
16 salary, employment benefits, or other
17 compensation have not been denied or
18 lost to the employee, any actual mone-
19 tary losses sustained by the employee
20 as a direct result of the violation, such
21 as the cost of providing care, up to a
22 sum equal to 8 weeks of wages or sal-
23 ary for the employee;

(ii) the interest on the amount described in clause (i) calculated at the prevailing rate; and

(iii) an additional amount as liquidated damages equal to the sum of the amount described in clause (i) and the interest described in clause (ii), except that if a covered employer who has violated section 106 proves to the satisfaction of the court that the act or omission which violated section 106 was in good faith and that the employer had reasonable grounds for believing that the act or omission was not a violation of section 106, such court may, in the discretion of the court, reduce the amount of the liability to the amount and interest determined under clauses (i) and (ii), respectively; and

(B) for such equitable relief as may be appropriate, including employment, reinstatement, and promotion.

(2) RIGHT OF ACTION.—

(A) IN GENERAL.—Except as provided in subparagraph (B), an action to recover the damages or equitable relief prescribed in para-

graph (1) may be maintained against any covered employer (including a public agency) in any Federal or State court of competent jurisdiction by any 1 or more employees for and on behalf of—

(i) the employees; or

(ii) the employees and other employees similarly situated.

(B) LIMITATION.—The right provided by subparagraph (A) to bring an action by or on behalf of any employee shall terminate—

(i) on the filing of a complaint by the Secretary in an action under subsection (b)(3) in which restraint is sought of any further delay in the payment of the amount described in paragraph (1)(A) to such employee by an employer responsible under paragraph (1) for the payment; or

(ii) on the filing of a complaint by the Secretary in an action under paragraph (1) or (2) of subsection (b) in which a recovery is sought of the damages described in paragraph (1)(A) owing to an eligible employee by an employer liable under paragraph (1),

1 unless the action described in clause (i) or (ii)
 2 is dismissed without prejudice on motion of the
 3 Secretary.

4 (3) FEES AND COSTS.—The court in an action
 5 brought under this subsection shall, in addition to
 6 any judgment awarded to the plaintiff, allow a rea-
 7 sonable attorney’s fee, reasonable expert witness
 8 fees, and other costs of the action to be paid by the
 9 defendant.

10 (b) ACTIONS BY THE SECRETARY.—

11 (1) ADMINISTRATIVE ACTION.—The Secretary
 12 shall receive, investigate, and attempt to resolve
 13 complaints of violations of section 106 in the same
 14 manner that the Secretary receives, investigates, and
 15 attempts to resolve complaints of violations of sec-
 16 tions 6 and 7 of the Fair Labor Standards Act of
 17 1938 (29 U.S.C. 206 and 207).

18 (2) CIVIL ACTION.—

19 (A) RIGHT OF ACTION.—The Secretary
 20 may bring an action in any court of competent
 21 jurisdiction to recover the damages described in
 22 subsection (a)(1)(A).

23 (B) SUMS RECOVERED.—Any sums recov-
 24 ered by the Secretary pursuant to this para-
 25 graph shall be held in a special deposit account

1 and shall be paid, on order of the Secretary, di-
 2 rectly to each employee affected. Any such sums
 3 not paid to an employee because of inability to
 4 do so within a period of 3 years shall be depos-
 5 ited into the Treasury of the United States as
 6 miscellaneous receipts.

7 (3) ACTION FOR INJUNCTION BY THE SEC-
 8 RETARY.—The district courts of the United States
 9 shall have jurisdiction, for cause shown, in an action
 10 brought by the Secretary—

11 (A) to restrain violations of section 106,
 12 including the restraint of any withholding of
 13 payment of wages, salary, employment benefits,
 14 or other compensation, plus interest, found by
 15 the court to be due to eligible employees; or

16 (B) to award such other equitable relief as
 17 may be appropriate, including employment, re-
 18 instatement, and promotion.

19 (4) SOLICITOR OF LABOR.—The Solicitor of
 20 Labor may appear for and represent the Secretary
 21 on any litigation brought under this subsection.

22 (c) LIMITATION.—

23 (1) Except as provided in paragraph (2), an ac-
 24 tion may be brought under subsections (a) or (b) not
 25 later than 2 years after the date of the last event

1 constituting the alleged violation for which the ac-
2 tion is brought.

3 (2) WILLFUL VIOLATION.—In the case of such
4 action brought for a willful violation of section 106,
5 such action may be brought within 3 years of the
6 date of the last event constituting the alleged viola-
7 tion for which such action is brought.

8 (3) COMMENCEMENT.—In determining when an
9 action is commenced by the Secretary for the pur-
10 poses of this subsection, it shall be considered to be
11 commenced on the date when the complaint is filed.

12 (d) INVESTIGATIVE AUTHORITY.—

13 (1) IN GENERAL.—To ensure compliance with
14 the provisions of this title, or any regulation or order
15 issued under this title, the Secretary shall have, sub-
16 ject to paragraph (3), the investigative authority
17 provided under section 11(a) of the Fair Labor
18 Standards Act of 1938 (29 U.S.C. 211(a)).

19 (2) OBLIGATION TO KEEP AND PRESERVE
20 RECORDS.—Any covered employer shall make, keep,
21 and preserve records pertaining to compliance with
22 this title in accordance with section 11(c) of the Fair
23 Labor Standards Act of 1938 (29 U.S.C. 211(c))
24 and in accordance with regulations issued by the

1 Secretary. The Secretary shall have access to the
2 records for purposes of conducting audits.

3 (3) REQUIRED SUBMISSIONS GENERALLY LIM-
4 ITED TO AN ANNUAL BASIS.—The Secretary shall
5 not under the authority of this subsection require
6 any covered employer or any plan, fund, or program
7 to submit to the Secretary any books or records
8 more than once during any 12-month period, unless
9 the Secretary has reasonable cause to believe there
10 may exist a violation of this title or any regulation
11 or order issued pursuant to this title, or is inves-
12 tigating a charge pursuant to subsection (b).

13 (4) SUBPOENA POWER.—For the purposes of
14 any investigation provided for in this section, the
15 Secretary shall have the subpoena authority provided
16 for under section 9 of the Fair Labor Standards Act
17 of 1938 (29 U.S.C. 209).

18 **SEC. 108. PENALTIES.**

19 (a) PENALTIES FOR SUBMISSION OF FALSE CERTIFI-
20 CATIONS.—If the Secretary finds that any individual sub-
21 mits a false certification of the health condition of any
22 person in order to obtain leave benefits under this title
23 with the intent to defraud, the Secretary shall assess a
24 penalty against the individual in an amount up to 100 per-
25 cent of the benefits paid as a result of the false certifi-

1 cation. Penalties collected under this subsection shall be
 2 deposited in the Insurance Fund, notwithstanding the pro-
 3 visions of title 31, United States Code and used to reim-
 4 burse the covered employers involved for the amount of
 5 the leave benefits.

6 (b) CRIMINAL PENALTIES FOR FALSE STATEMENTS
 7 AND SOLICITATIONS.—Whoever—

8 (1) makes or causes to be made any false state-
 9 ment in support of an application for leave benefits
 10 under this title;

11 (2) knowingly presents or causes to be pre-
 12 sented any false written or oral material statement
 13 in support of any claim for leave benefits under this
 14 title;

15 (3) knowingly solicits, receives, offers, pays, or
 16 accepts any rebate, refund, commission, preference,
 17 patronage, dividend, discount, or other consider-
 18 ation, whether in the form of money or otherwise, as
 19 compensation or inducement for soliciting a claimant
 20 to apply for leave benefits under this title, except to
 21 the extent authorized by a law of the United States;
 22 or

23 (4) knowingly assists, abets, solicits, or con-
 24 spires with any person to engage in an act that is
 25 prohibited under paragraph (1), (2), or (3),

1 shall be guilty of a felony and upon conviction shall be
 2 fined under title 18, United States Code, or imprisoned
 3 for not more than 5 years, or both.

4 **SEC. 109. EDUCATION PROGRAMS.**

5 (a) **AUTHORITY.**—The Secretary shall develop and
 6 maintain a program of education concerning the rights
 7 and leave benefits under this title.

8 (b) **NOTICE TO EMPLOYERS.**—The Secretary shall
 9 provide to each covered employer a notice informing em-
 10 ployees of the rights and leave benefits available under this
 11 title. The notice shall be given by every covered employer
 12 to each employee hired, and to each employee taking leave
 13 as described in section 103(a).

14 **SEC. 110. TREATMENT OF PAYMENTS AND REIMBURSE-**
 15 **MENTS.**

16 For purposes of the Internal Revenue Code of
 17 1986—

18 (1) any payment of a leave benefit by any cov-
 19 ered employer shall not be deductible; and

20 (2) any reimbursement of such payment shall
 21 not be included in gross income.

22 **SEC. 111. REGULATIONS.**

23 The Secretary shall issue regulations to carry out this
 24 title.

1 **SEC. 112. EFFECTIVE DATE.**

2 This title shall take effect on January 1, 2008, and
3 shall apply to periods of leave that commence on or after
4 January 1, 2009.

5 **TITLE II—CIVIL SERVICE FAM-**
6 **ILY AND MEDICAL LEAVE IN-**
7 **SURANCE PROGRAM**

8 **SEC. 201. PROGRAM DEFINITIONS.**

9 In this title:

10 (1) AGENCY.—The term “agency” means an
11 agency covered under subchapter V of chapter 63 of
12 title 5, United States Code.

13 (2) AGENCY EMPLOYEE.—The term “agency
14 employee” means an employee who—

15 (A) meets the requirements of paragraph
16 (1) of section 6381 of title 5, United States
17 Code; and

18 (B) has earned wages with an agency for
19 12 of the last 18 months, prior to filing an ap-
20 plication for leave benefits under this title.

21 **SEC. 202. ESTABLISHMENT OF PROGRAM.**

22 (a) IN GENERAL.—The Director of the Office of Per-
23 sonnel Management shall establish a Civil Service Family
24 and Medical Leave Insurance Program, and shall issue
25 regulations providing for the implementation of the pro-
26 gram. In issuing the regulations, the Director shall require

1 that the Director shall provide, or that the agencies shall
 2 provide, family and medical leave insurance benefits de-
 3 scribed in section 103 to agency employees. The regula-
 4 tions issued under this subsection shall include provisions
 5 that are the same as regulations issued by the Secretary
 6 to implement the statutory provisions of sections 103,
 7 105, 109, and 110, except insofar as the Director may
 8 determine, for good cause shown and stated together with
 9 the regulations, that a modification of the regulations
 10 would be more effective for the implementation of the
 11 rights and protections under those sections. The regula-
 12 tions shall provide for appropriate remedies and proce-
 13 dures for violations of this title.

14 (b) PAYMENT.—At the direction of the Director or
 15 the head of an agency, as specified in the regulations, the
 16 Managing Trustee shall pay funds from the Insurance
 17 Fund for the leave benefits.

18 **TITLE III—FAMILY AND MED-** 19 **ICAL LEAVE INSURANCE** 20 **FUND**

21 **SEC. 301. ESTABLISHMENT.**

22 (a) IN GENERAL.—There is created in the Treasury
 23 of the United States a trust fund to be known as the Fam-
 24 ily and Medical Leave Insurance Fund. The Insurance
 25 Fund shall consist of such amounts as may be deposited

1 in, or appropriated to, such fund as provided in this sec-
 2 tion.

3 (b) APPROPRIATIONS TO INSURANCE FUND.—

4 (1) AMOUNTS APPROPRIATED.—There is appro-
 5 priated to the Insurance Fund for fiscal year 2008
 6 and each fiscal year thereafter, out of any moneys
 7 in the Treasury not otherwise appropriated, amounts
 8 equivalent to 100 percent of—

9 (A) the family and medical leave premiums
 10 imposed by sections 3101(c) and 3111(c) of the
 11 Internal Revenue Code of 1986 with respect to
 12 wages (as defined in section 3121 of such Code)
 13 reported to the Secretary of the Treasury or the
 14 Secretary's delegate under subtitle F of such
 15 Code after December 31, 2007, as determined
 16 by the Secretary of the Treasury by applying
 17 the applicable rates of premium payment under
 18 such sections to such wages, which wages shall
 19 be certified by the Commissioner of Social Se-
 20 curity on the basis of the records of wages es-
 21 tablished and maintained by the Commissioner
 22 of Social Security in accordance with such re-
 23 ports; and

24 (B) the family and medical leave premiums
 25 imposed by section 1401(c) of such Code with

1 respect to self-employment income (as defined
2 in section 1402 of such Code) reported to the
3 Secretary of the Treasury or the Secretary's
4 delegate on tax returns under subtitle F of such
5 Code after December 31, 2007, as determined
6 by the Secretary of the Treasury by applying
7 the applicable rate of premium payment under
8 such section 1401(c) to such self-employment
9 income, which self-employment income shall be
10 certified by the Commissioner of Social Security
11 on the basis of the records of self-employment
12 income established and maintained by the Com-
13 missioner of Social Security in accordance with
14 such returns.

15 (2) TRANSFERS.—Such appropriated amounts
16 shall be transferred from time to time from the gen-
17 eral fund of the Treasury to the Insurance Fund.
18 Such amounts shall be determined on the basis of
19 estimates by the Secretary of the Treasury of the
20 premiums, specified in paragraph (1), paid to or de-
21 posited into the Treasury, and proper adjustments
22 shall be made in amounts subsequently transferred
23 to the extent prior estimates were in excess of or
24 were less than such premiums.

1 (3) INVESTMENTS.—All amounts transferred to
 2 the Insurance Fund under paragraph (2) shall be in-
 3 vested by the Managing Trustee referred to in sec-
 4 tion 302(c) in the same manner and to the same ex-
 5 tent as the other assets of the Insurance Fund.

6 **SEC. 302. BOARD OF TRUSTEES.**

7 (a) ESTABLISHMENT AND MEMBERSHIP.—With re-
 8 spect to the Insurance Fund, there is established a body
 9 to be known as the Board of Trustees of the Insurance
 10 Fund which shall be composed of the Secretary of the
 11 Treasury, the Secretary of Labor, the Commissioner of
 12 Social Security, and the Secretary of Health and Human
 13 Services, all ex officio, and of two members of the public
 14 (both of whom may not be from the same political party),
 15 who shall be nominated by the President, by and with the
 16 advice and consent of the Senate.

17 (b) TERMS AND VACANCIES.—Members of the Board
 18 of Trustees shall serve for a period of 4 years. A member
 19 of the Board of Trustees nominated and confirmed as a
 20 member of the public to fill a vacancy occurring during
 21 a term shall be nominated and confirmed only for the re-
 22 mainder of such term. An individual nominated and con-
 23 firmed as a member of the public may serve in such posi-
 24 tion after the expiration of such member's term until the
 25 earlier of the date on which the member's successor takes

1 office or the date on which a report of the Board is first
 2 issued under paragraph (2) after the expiration of the
 3 member's term.

4 (c) MANAGING TRUSTEE AND SECRETARY.—The
 5 Secretary of the Treasury shall be the Managing Trustee
 6 of the Board of Trustees. The Secretary of Labor shall
 7 serve as the Secretary of the Board of Trustees.

8 (d) BASIC DUTIES OF THE BOARD OF TRUSTEES.—
 9 The Board of Trustees shall meet not less frequently than
 10 once each calendar year. It shall be the duty of the Board
 11 of Trustees to—

12 (1) hold the Insurance Fund;

13 (2) report to Congress not later than April 1 of
 14 each year—

15 (A) on the operation and status of the In-
 16 surance Fund during the fiscal year preceding
 17 the fiscal year in which the report is made; and

18 (B) on the expected operation and status
 19 of the Insurance Fund during the fiscal year in
 20 which the report is made and the next 2 fiscal
 21 years;

22 (3) report immediately to Congress whenever
 23 the Board is of the opinion that the amount in the
 24 Insurance Fund is unduly small; and

1 (4) review the general policies followed in man-
2 aging the Insurance Fund, and recommend changes
3 in such policies, including necessary changes in the
4 provisions of law that govern the way in which the
5 Insurance Fund is to be managed.

6 (e) REQUIREMENTS RELATING TO ANNUAL RE-
7 PORT.—The report provided for in subsection (d)(2) shall
8 include a statement of the assets of, and the disburse-
9 ments made from, the Insurance Fund during the fiscal
10 year preceding the fiscal year in which the report is made,
11 an estimate of the expected income to, and disbursements
12 to be made from, the Insurance Fund during the fiscal
13 year in which the report is made and each of the next
14 two fiscal years, and a statement of the actuarial status
15 of the Insurance Fund. Such report shall also include an
16 actuarial opinion by an appropriate employee of the De-
17 partment of Labor certifying that the techniques and
18 methodologies used for the report are generally accepted
19 within the actuarial profession and that the assumptions
20 and cost estimates used for the report are reasonable.

21 (f) LIABILITY.—A person serving as a member of the
22 Board of Trustees shall not be considered to be a fiduciary
23 and shall not be personally liable for actions taken in such
24 capacity with respect to the Insurance Fund.

1 **SEC. 303. INVESTMENT OF THE FAMILY AND MEDICAL**
2 **LEAVE INSURANCE FUND.**

3 (a) OBLIGATIONS.—It shall be the duty of the Man-
4 aging Trustee to invest such portion of the Insurance
5 Fund as is not, in the trustee's judgment, required to meet
6 current withdrawals. Such investments may be made only
7 in interest-bearing obligations of the United States or in
8 obligations guaranteed as to both principal and interest
9 by the United States.

10 (b) ACQUISITION.—The obligations referred to in
11 subsection (a) may be acquired—

12 (1) on original issue at the issue price; or

13 (2) by purchase of outstanding obligations at
14 the market price.

15 (c) OBLIGATIONS ISSUED FOR PURCHASE BY
16 FUND.—The purposes for which obligations of the United
17 States may be issued under chapter 31 of title 31, United
18 States Code, are extended to authorize the issuance at par
19 of public debt obligations for purchase by the Insurance
20 Fund. Such obligations issued for purchase by the Insur-
21 ance Fund shall have dates of maturity fixed with due re-
22 gard for the needs of the Insurance Fund. Such obliga-
23 tions shall bear interest at a rate equal to—

24 (1) except as provided in paragraph (2), the av-
25 erage market yield (computed by the Managing
26 Trustee on the basis of market quotations as of the

1 end of the calendar month preceding the date of
 2 such issue) on all marketable interest-bearing obliga-
 3 tions of the United States forming a part of the
 4 public debt that are not due or callable until after
 5 the expiration of four years from the end of such
 6 calendar month; or

7 (2) in a case in which such average market
 8 yield is not a multiple of 0.1 percent, the multiple
 9 of 0.1 percent nearest such market yield.

10 (d) OTHER OBLIGATIONS.—The Managing Trustee
 11 may purchase interest-bearing obligations of the United
 12 States that are not described in subsection (c) or obliga-
 13 tions guaranteed as to both principal and interest by the
 14 United States, on original issue or at the market price,
 15 only in cases in which the trustee determines that the pur-
 16 chase of obligations described in this paragraph is in the
 17 public interest.

18 (e) DISPOSITION AND REDEMPTION OF OBLIGA-
 19 TIONS.—Any obligations acquired by the Insurance Fund
 20 (except public debt obligations issued exclusively to the In-
 21 surance Fund) may be sold by the Managing Trustee at
 22 the market price, and such public debt obligations may
 23 be redeemed at par plus accrued interest.

24 (f) CREDITING OF INTEREST AND PROCEEDS.—The
 25 interest on, and the proceeds from the sale or redemption

1 of, any obligations held in the Insurance Fund shall be
2 credited to and form a part of the Insurance Fund.

3 **SEC. 304. PAYMENTS FROM FAMILY AND MEDICAL LEAVE**
4 **INSURANCE FUND.**

5 The Managing Trustee shall pay from time to time
6 from the Insurance Fund such amounts as the Secretary
7 of Labor certifies are necessary to make the payments pro-
8 vided for by section 103, and payments with respect to
9 administrative expenses under section 305.

10 **SEC. 305. ADMINISTRATIVE EXPENSES.**

11 (a) AVAILABILITY OF INSURANCE FUND.—Under
12 regulations that shall be prescribed by the Secretary of
13 Labor, funds shall be made available from the Insurance
14 Fund in connection with the administration of this Act
15 and the administration of related provisions of the Inter-
16 nal Revenue Code of 1986 in the same manner and extent
17 as funds are made available from the trust funds referred
18 to in section 201(g) of the Social Security Act (42 U.S.C.
19 401(g)) in connection with the administration of the rel-
20 evant provisions referred to in such section.

21 (b) AUTHORIZATION OF APPROPRIATIONS.—There
22 are authorized to be made available for expenditure such
23 amounts as Congress may determine to be appropriate to
24 pay the costs of the part of the administration of this Act
25 (including start-up costs, technical assistance, and costs

1 for small employers electing to participate in the Family
 2 and Medical Leave Insurance Program) for which the Sec-
 3 retary of Labor is responsible.

4 (c) GIFTS AND BEQUESTS.—The Managing Trustee
 5 may accept on behalf of the United States money gifts
 6 and bequests made unconditionally to the Insurance Fund
 7 for the benefit of the Insurance Fund or any activity fi-
 8 nanced through the Insurance Fund and such gifts and
 9 bequests shall be deposited into the Insurance Fund.

10 (d) PROCESSING OF TAX DATA.—Section 232 of the
 11 Social Security Act (42 U.S.C. 432) shall apply with re-
 12 spect to this Act, in the same manner and to the same
 13 extent as such section applies with respect to title II of
 14 the Social Security Act (42 U.S.C. 401 et seq.).

15 **SEC. 306. AMENDMENTS TO THE INTERNAL REVENUE CODE**
 16 **OF 1986.**

17 (a) EMPLOYEE PREMIUMS.—Section 3101 of the In-
 18 ternal Revenue Code of 1986 (relating to tax on employ-
 19 ees) is amended—

20 (1) by redesignating subsection (c) as sub-
 21 section (d); and

22 (2) by inserting after subsection (c) the fol-
 23 lowing new subsection:

24 “(c) FAMILY AND MEDICAL LEAVE PREMIUMS.—

1 “(1) IN GENERAL.—In addition to the taxes im-
 2 posed by subsections (a) and (b), there is imposed
 3 on the income of every individual a family and med-
 4 ical leave premium equal to the applicable percent-
 5 age of the wages (as defined in section 3121(a)) re-
 6 ceived by the individual with respect to employment
 7 (as defined in section 3121(b)).

8 “(2) APPLICABLE PERCENTAGE.—For purposes
 9 of paragraph (1), the applicable percentage is—

10 “(A) 0.1 percent with respect to periods of
 11 employment by a small employer (as defined in
 12 section 3(b) of the Family Leave Insurance Act
 13 of 2007) electing to participate in the Family
 14 and Medical Leave Insurance Program (estab-
 15 lished under section 102 of such Act); and

16 “(B) 0.2 percent with respect to all other
 17 periods of employment.

18 “(3) EXCEPTION FOR CERTAIN EMPLOY-
 19 MENT.—Paragraph (1) shall not apply with respect
 20 to a period of employment—

21 “(A) by an employer during which the Sec-
 22 retary of Labor determines the employer has in
 23 effect a plan which is equivalent to or better
 24 than the Family and Medical Leave Insurance

1 Program (established under section 102 of the
2 Family Leave Insurance Act of 2007); or

3 “(B) by a small employer (as so defined)
4 who has not elected to participate in such Pro-
5 gram.

6 For purposes of the preceding sentence, the Sec-
7 retary of Labor shall prescribe such regulations as
8 may be appropriate or necessary, including regula-
9 tions requiring documentation of employer pro-
10 grams.”.

11 (b) EMPLOYER PREMIUMS.—Section 3111 of the In-
12 ternal Revenue Code of 1986 (relating to tax on employ-
13 ers) is amended—

14 (1) by redesignating subsection (c) as sub-
15 section (d); and

16 (2) by inserting after subsection (c) the fol-
17 lowing new subsection:

18 “(c) FAMILY AND MEDICAL LEAVE PREMIUMS.—

19 “(1) IN GENERAL.—In addition to the excise
20 taxes imposed by subsections (a) and (b), there is
21 imposed on every employer a family and medical
22 leave premium, with respect to having individuals in
23 such employer’s employ, equal to the applicable per-
24 centage of the wages (as defined in section 3121(a))

1 paid by such employer with respect to employment
2 (as defined in section 3121(b)).

3 “(2) APPLICABLE PERCENTAGE.—For purposes
4 of paragraph (1), the applicable percentage is—

5 “(A) 0.1 percent with respect to small em-
6 ployers (as defined in section 3(b) of the Fam-
7 ily Leave Insurance Act of 2007) electing to
8 participate in the Family and Medical Leave In-
9 surance Program (established under section
10 102 of such Act); and

11 “(B) 0.2 percent with respect to all other
12 employers.

13 “(3) EXCEPTION FOR CERTAIN EMPLOYERS.—
14 Paragraph (1) shall not apply for any period with
15 respect to an employer to whom paragraph (1) of
16 section 3101(c) does not apply by reason of para-
17 graph (3) thereof.”.

18 (c) SELF-EMPLOYED PREMIUMS.—Section 1401 of
19 the Internal Revenue Code of 1986 is amended—

20 (1) by redesignating subsection (c) as sub-
21 section (d); and

22 (2) by inserting after subsection (b) the fol-
23 lowing new subsection:

24 “(c) FAMILY AND MEDICAL LEAVE PREMIUMS.—

1 “(1) IN GENERAL.—In addition to the taxes im-
 2 posed by subsections (a) and (b), there is imposed
 3 for each taxable year, on the self-employment income
 4 of every individual, a family and medical leave pre-
 5 mium equal to 0.2 percent of the amount of the self-
 6 employment income for such taxable year.

7 “(2) EXCEPTION FOR CERTAIN EMPLOYERS.—
 8 Paragraph (1) shall not apply for any period with
 9 respect to an employer who has not elected to par-
 10 ticipate in the Family and Medical Leave Insurance
 11 Program (established under section 102 of the Fam-
 12 ily Leave Insurance Act of 2007).”.

13 (d) CONFORMING AMENDMENTS TO SOCIAL SECU-
 14 RITY ACT.—Section 201 of the Social Security Act (42
 15 U.S.C. 401) is amended—

16 (1) by striking “sections 3101(b) and 3111(b)”
 17 both places it appears in subsection (a)(3) and in-
 18 serting “sections 3101(b), 3101(c), 3111(b), and
 19 3111(c)”, and

20 (2) by striking “section 1401(b)” both places it
 21 appears in subsection (a)(4) and inserting “sections
 22 1401(b) and 1401(c)”.

23 (e) EFFECTIVE DATE.—

1 (1) EMPLOYMENT PREMIUMS.—The amend-
2 ments made by subsections (a), (b), and (d)(1) shall
3 apply to wages paid after December 31, 2007.

4 (2) SELF-EMPLOYMENT PREMIUMS.—The
5 amendments made by subsections (c) and (d)(2)
6 shall apply to taxable years beginning after Decem-
7 ber 31, 2007.

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